

# BANK OF UGANDA

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*All Chief Executive Officers of Commercial Banks, Credit Institutions and  
Microfinance Deposit-Taking Institutions*

## Financial Consumer Protection – Compliance with Key Facts Documents Requirements

### • *Background*

Following the review of the Key Facts Documents (KFDs) submitted by Supervised Financial Institutions (SFIs), Bank of Uganda wishes to provide a feedback on the most common errors made by SFIs and also to provide clarity on how to complete the KFDs. The objective is to ensure that the SFIs are able to issue accurate and comprehensible KFDs for deposit and loan products effective April 01, 2015.

### • *Results of the review*

The review of the submissions from SFIs revealed significant deficiencies. The major weakness is the failure to use the mandatory standard templates provided by Bank of Uganda, which can be downloaded from the BOU website: [www.bou.or.ug](http://www.bou.or.ug) > Financial Inclusion > Financial Consumer Protection > Key Facts Documents.

The other major weaknesses include: leaving some items blank, not disclosing all fees and charges and the failure to provide tidy comprehensible KFDs which can easily be understood by the customers.

These issues and the other issues contained in the attached feedback **must** be addressed as a matter of urgency.

As communicated earlier, the requirement of the KFDs for all deposit and loan products must be complied with effective April 01, 2015

Please note that non-compliance of the stipulated reporting requirements will attract penalties stipulated in the relevant sections of the law (FIA, 2004 and MDI Act, 2003).  
Yours faithfully,

J. Bagyenda (Mrs.)

Executive Director Supervision

Encl.

Bank of Uganda Feedback on the Draft Key Facts Documents

## **Bank of Uganda Feedback on Draft Key Facts Documents**

1. Bank of Uganda (BOU) noted errors in the submission by the Supervised Financial Institutions (SFIs) due to the failure to use the Key Facts Document (KFD) templates provided. The format of the KFDs must adhere to the BOU templates, which are available on the BOU website: [www.bou.or.ug](http://www.bou.or.ug) > Financial Inclusion > Financial Consumer Protection > Key Facts Documents.

2. SFIs should not design their own KFD templates or change the format/ structure of the given templates.

***During the initial implementation stage, SFIs are advised to use the soft copy templates of KFDs provided by BOU.***

3. Many SFIs did not follow the guidance notes provided for each KFD by BOU. Proper use of the guidance notes will help SFIs avoid the simple errors which occurred.
4. SFIs should not change the length of the KFDs. The English language version must not exceed 2 pages in length. For the local language versions, the completed KFDs should mirror the length of the local language templates provided.
5. The KFD logo must appear on the top left of every KFD. SFIs may use the space at the top right of the first page, for example, to insert their own logos.
6. The language used in the KFDs is sometimes unclear or confusing. This is particularly the case for "Aims & Benefits". The purpose of introducing KFDs is to make financial products and services easier for clients and potential clients to understand. SFIs are therefore expected to use simple and concise language which can be easily understood by the target audience.
7. Many SFIs did not fully complete the KFDs as some sections were omitted or filled incorrectly. Common omissions were in the areas of risks, the currency, fees, and the fee for reactivation of an account. All sections of the KFD must be completed in line with the guidance provided by BOU. In cases where an item does not apply please state "n/a" or "0" respectively, rather than simply leaving it blank.
8. Fees and charges are not always being displayed completely or correctly within the KFDs. When using the Loans KFD, all fees must be stated in numerical terms in the right-hand column. Of particular concern is the failure of some SFIs to correctly calculate and display the Total Cost of Credit. When using the Deposits KFD, all major fees must be disclosed. It is not acceptable to simply refer to a Tariff Guide without including the relevant fees in the KFD itself.
9. Many of the KFDs provided were not in a tidy format. To aid the understanding of consumers, please ensure that the KFDs are legible and clear. The font selected should fulfil the requirements of the Financial Consumer Protection Guidelines, 2011 (not less than font 10).
10. Reference numbers provided in the KFDs are to guide SFIs when completing the KFD only. They must be deleted in the versions given to clients, as they otherwise can create confusion.
11. A deposit product can either have a fixed, a variable or a tiered interest rate. SFIs must select one of the options only.